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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. PUE010072

AUBON WATER COMPANY,
Defendant

PLAN OF RECEIVERSHIP

On March 1, 2001, David G. Petrus was appointed emergency receiver of Aubon Water Company ("Aubon"). The Order Appointing Receiver ("Order") granted David G. Petrus (hereinafter, "Receiver") the authority to operate Aubon's utility assets and to exercise general receivership powers under statute and as specifically enumerated by the Commission. The Order also required the Commission's Staff and David G. Petrus to confer on a Plan of Receivership ("Plan") and to file such Plan on or before March 16, 2001.

Accordingly, the Staff and David G. Petrus hereby submit the following guidelines which will serve as a Plan of Receivership for the duration that David G. Petrus operates Aubon:

(1) The Receiver shall have all power, ability, and authority in accordance with the Commission's March 1, 2001, Order in this case and other applicable law, to carry out all

discretionary and non-discretionary duties of the receivership. Except as otherwise stated in this Plan and other applicable law, the Commission Staff will, in all respects, treat Aubon the same as all other small water utilities.

(2) On or before May 31, 2001, the Receiver shall, to the best of his ability, conduct an audit of all of Aubon's available accounting records in an effort to ascertain the status of Aubon's debts and the identity of Aubon's creditors. The Receiver shall report this information to the Commission in his first quarterly report to the Commission's Division of Energy Regulation. The Receiver shall also bring Aubon's books into compliance with the Uniform System of Accounts for Class C water utilities.

(3) Starting May 31, 2001, and on the last business day of each August, November, February, and May thereafter for the duration of the receivership, the Receiver shall provide quarterly reports ("Reports") to the Commission's Division of Energy Regulation in accordance with the Commission's March 1, 2001, Order. The first Report shall, to the best of the Receiver's knowledge, inform the Commission of all real and personal property owned by or held in the name of Aubon and shall discuss the status of operations and recent upgrades to Aubon's utility facilities. The first Report also shall list, based upon available information, all debts owed by or owed to Aubon and shall include the Receiver's plans to recover and/or

repay such debt. Additionally, the first Report shall include the status of any legal proceedings as authorized in (7) below. Subsequent Reports shall notify the Commission of changes in any of the above listed information. All Reports also shall include information regarding any necessary repairs, maintenance or improvements that have been made to Aubon's utility systems during the previous quarter.

(4) In addition to the quarterly reports in paragraph (3) above, the Receiver shall file on Aubon's behalf, on or before April 1 of each year beginning in 2001, an Annual Financial and Operating Report, as required of all small water utilities. Also, the Receiver shall file on or before April 15 of each year beginning in 2001, an Annual Tax Report to Public Service Taxation.

(5) The Receiver shall obtain the prior written approval of the Commission before selling or otherwise transferring the assets of Aubon or taking any other action pursuant to subparagraphs (b), (c), (j), or (k) of paragraph (1) of the Commission's March 1, 2001, Order. Any request to take such action shall be filed with the Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218, and a copy of such request simultaneously shall be sent to G. Ray Boone at his last known address.

(6) The Receiver may, at any time in accordance with §§ 56-265.13:1 to 56-265.13:17 and other applicable law, make

application to the Commission for any further relief that he sees fit. The Receiver will immediately determine from the utility's books and records and other operating results, whether an application for a change in Aubon's rates and charges and rules and regulations should be filed to meet current operating expenses. In the event that the Receiver determines to file such an application with the Commission, the Receiver agrees to provide complete documentation of all evidence supporting the application to the Commission's Divisions of Public Utility Accounting and Energy Regulation, ten days prior to filing with the Commission.

(7) The Receiver is authorized to maintain appropriate legal action to defend Aubon's certificated territory in the Franklin Heights subdivision which has been annexed by the Town of Rocky Mount. In the event that the Receiver reaches any settlement agreement with the Town of Rocky Mount, it shall be subject to approval by the Commission. The proposed settlement agreement will first be reviewed by Staff to determine its resulting impact upon the viability of the Aubon utility system operating without the Franklin Heights customers, given the existing rate structure.

(8) The Receiver will make timely application this year on behalf of Aubon to the State Revolving Loan Fund for a low interest loan to finance construction of water treatment

facilities for the Long Island Estates system if the construction is not already financed.

(9) David G. Petrus shall continue to operate as Receiver for Aubon until such time as he elects to withdraw in accordance with paragraph (10) below, or until the Commission withdraws its Appointment of Receiver, whichever first occurs. It is understood that David G. Petrus performs his duties as Receiver on behalf of Petrus Environmental Services, Inc. Therefore, all approved claims by the Receiver shall be paid to Petrus Environmental Services, Inc., as full satisfaction of such claims by the Receiver.

(10) The Receiver shall petition the Commission for termination of the receivership and/or liquidation of Aubon, in accordance with § 56-265.13:6.1 of the Code of Virginia and other applicable law, or to be relieved as Receiver, if any of the following occur:

- (a) The Receiver reasonably believes that the circumstances which necessitated the receivership have been successfully resolved;
- (b) The Receiver is unwilling or unable to continue to act as Receiver for Aubon;
- (c) The Receiver finds that Aubon can neither achieve nor maintain financial solvency; or
- (d) The Receiver finds that Aubon is unable to either achieve or maintain regulatory compliance.

In no event shall the Receiver discontinue operation of Aubon's utility systems until the Commission has granted the Receiver the relief it requests; however, if the Receiver petitions to be relieved as Receiver under the provisions of Paragraph (10) above, the Staff agrees to support any request by the Receiver that such relief be granted within one (1) month of the date the petition is filed.

Respectfully submitted,

The Staff of the
State Corporation Commission

Don R. Mueller
Associate General Counsel
Office of General Counsel
State Corporation Commission
P.O. Box 1197
Richmond, Virginia 23218
(804) 371-9671

By: _____
Counsel

David G. Petrus
P.O. Box 21173
Roanoke, Virginia 24018
(540) 344-9800

Michael S. Ferguson, Esquire
Counsel for Receiver
P.O. Box 20068
Roanoke, Virginia 24018
(540) 774-1197
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